

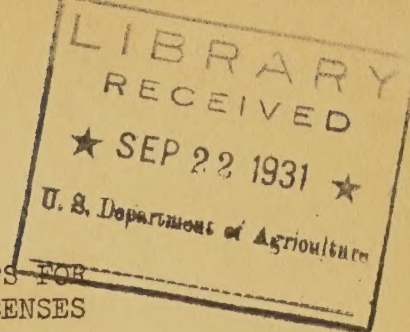
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ACCEPTABLE "FIELD" OR "CUSTODIAN" SET-UPS FOR  
WAREHOUSEMEN LICENSED OR APPLYING FOR LICENSES  
UNDER THE UNITED STATES WAREHOUSE ACT

To make the facilities and benefits of the United States warehouse Act available to those who, on account of the nature of their business, are obliged to provide for the warehousing of the products on their own premises or in their own houses, the Department of Agriculture undertook to license "field" or "custodian" warehousemen who would operate such warehouses under lease from the owners of the buildings.

Before approving this form of warehousing the Department recognized that field or custodian warehousing had inherent therein certain dangers which do not exist in the usual form of pure public warehousing. It recognized also that unless certain precautions were taken in effecting a field or custodian warehouse relationship that there would not follow that degree of disinterested custodianship which many leading rediscount and original banks of credit were demanding.

The Department in its effort to keep the Federal receipt on the highest plane and to make it safe and acceptable to bankers as collateral has adopted certain general rules to which all custodian warehousemen desiring to be licensed must conform. The rules are as follows:

1. The person, firm, or corporation that leases the warehouse from the owner must be wholly disinterested as far as depositors in the warehouse are concerned, except that, if the warehouseman is of the corporate form, stock ownership in the warehouse company by a depositor will not per se bar such depositor from the right to store in the warehouse. However, such stockholder-depositor must not gain a controlling interest nor occupy any managerial position in the warehouse organization. There must be no blood relationship between the warehouse management and depositors.

2. The original lease must be duly recorded unless there is a statutory inhibition against recordation of leases.

3. Copies, bearing genuine original signatures, of the original leases or copies of the originals certified as to signatures shall be forwarded to the Department,





such copies to be marked "copy", while the originals should be plainly marked "original" and retained by the warehouseman.

4. The warehouseman must have and exercise absolute and actual control of the licensed space.

5. The licensed space must be substantially separated from any non-licensed space. It must be kept substantially locked, and the owner of the building and depositors, their employees and agents, must be denied access to the licensed space except when in the presence of the warehouseman or his authorized agents; provided, that if any watchman in the employ of the owner of the building is transferred to the employ of the warehouseman and his entire salary is paid by the warehouseman, such watchman may have a key and have access to the warehouse or warehouses. No one, other than the licensed warehouseman, his authorized representative or a watchman shall be permitted to have the custody of any key to the warehouse. In case there is any doubt as to whether or not all the keys to the warehouse are not in the possession of the warehouseman, his authorized representative, or an authorized watchman as above indicated, the warehouseman will be required to provide new locks and keys for the warehouse.

6. At no time may goods be placed in the warehouse or removed therefrom by any person other than the licensed warehouseman or his duly authorized agents except with the consent and in the presence of the licensed warehouseman or his representative. No exceptions will be made to this rule.

7. A custodian or manager of the warehouse shall not receive any part of his salary or wages from any person depositing goods in the warehouse, nor shall he be subject to receiving instructions from anyone concerning the business of the warehouse except from the warehouseman. He need not be a full-time employee of the warehouseman but he shall not be a part or a full-time employee of any depositor who owns or is interested in any of the goods in the warehouse. He cannot perform any services for such depositor either for compensation or otherwise. In other words, the custodian or manager must be absolutely independent of every depositor. A temporary independence cannot be considered; that is, an employee of a depositor may not be engaged for the period of the lease and then thereafter return to the employ of the depositor.

8. Signs indicating that the building has been leased by the warehouseman and is controlled and operated by him





must be erected in conspicuous places on each leased building so that they will readily attract the attention of the public. Proper signs must also be placed at each point of entry and exit. Small signs, inconspicuously placed on the outside of the building or the placing of all signs inside the building, will not be acceptable.

It is felt that the above rules are clear. It is not necessary to elaborate them except to point out that the watchmen referred to in rule 5 are persons engaged as watchmen in the ordinary sense and the rule does not mean that persons performing any other service for any depositor can act as watchmen, nor does it mean that any person not meeting the requirements of rule 7 can supervise for the warehouseman the placing of goods in the warehouse or the removing of goods therefrom, simply because he is also a watchman. The appointment of any employee of the owner of the building or any depositor as a watchman under the rule, will not be permitted at any warehouse where it has not been the custom regularly to employ a watchman during the storage season.

Approved March 21, 1928.

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In Charge, Administration  
United States Warehouse Act.



